

Finance & Budgeting Policy

The Promise Scotland's Budgeting Policy & Financial Procedures outline the ways in which The Promise Scotland controls purchasing and spend as well as the broader financial policy and procedures, including those in place to safeguard against fraud. The document reflects best practice and serves to minimise risk and achieve compliance with the guidance on the appropriate management of finances.

Effective financial management is an essential part of organisational health and involves planning, organising, controlling and monitoring financial resources in order to achieve organisational objectives and compliance.

Facilitated by this guidance, sound financial management will continue to be an integral part of The Promise Scotland's ongoing business planning process.

Policy Statement

This policy statement will ensure that the Promise Scotland Team can mobilise the necessary funds to deliver the planned programme of work and manage its resources responsibly.

In particular, The Promise Scotland Team will follow this policy and the associated procedures to:

- make sure that proper standards of financial conduct are maintained,
- ensure that all expenditure by The Promise Scotland will be lawful and procurement transactions carried out in accordance with best practice,
- establish delegation of responsibility, accompanied by clear lines of accountability, together with reporting arrangements,
- deliver best value from The Promise Scotland resources, by setting out proper arrangements having regard to efficiency and effectiveness,
- ensure that proper, accurate and complete accounting records are maintained by The Promise Scotland to:
- enable the provision of appropriate management information to The Promise Scotland,
- ensure that The Promise Scotland keeps spend within available resources,
- protect against the risk of fraud and irregularity.

Financial Arrangements

The Chief Executive is responsible for The Promise Scotland's corporate and financial governance arrangements which ensure that proper financial control is exercised throughout The Promise Scotland, with oversight and accountability by The Promise Scotland Directors. The Senior Leadership Team is responsible for making sound decisions that deliver best value, both for their respective areas of responsibility and for the organisation as a whole. The Finance & Central Services Manager is responsible for ensuring that effective financial management processes are in place and that budget holders are well supported.

Grant Drawdown

Grant funding is drawn down from the Scottish Government Team with responsibility for The Promise Scotland grant, on a quarterly basis. The claim is made via the Scottish Government Keeping the Promise team together with a summary of activity against grant each quarter. On approval, the Scottish Government arranges payment to The Promise Scotland account.

Grants can only be claimed on proposed spend as per forecasted budget and signed off by the Scottish Government Keeping the Promise team. Funding is released following submission of a Schedule 2 by the Head of Governance and Operations, template of which can be found in the Grant Agreement Letter.

Budgetary Control

- Each team within The Promise Scotland (currently Insights, Support and Governance & Operations) is required to operate within the agreed budget.
- The Chief Executive and the Head of each team receive a monthly detailed finance report including variance from budget, provided by the Finance & Central Services Manager
- The Senior Leadership Team (SLT) members and Leads are responsible for managing their project expenditure within specified budgets. The Finance & Central Services Manager will facilitate this process.
- All members of staff may on occasion have the need to place an order with a supplier. In this event, employees should seek a quote from the supplier and forward this to their line manager for approval. Line manager approval should be sent to finance@thepromise.scot along with the quote and the relevant budget code/line. The invoice once received should be sent to finance@thepromise.scot either directly by the supplier or by the member of staff requesting the service. The Senior HR & Finance Officer match up the quote and approval email with the invoice and process the payment. If any finance contact details need to be

forwarded to the supplier please share finance@thepromise.scot email address with them.

Delegated Authority

- Internal control processes are organised around a clear structure of delegated authority, where limits of approval apply. For items pertinent to procurement, the sections below describe the matters for approval at each level.
- Authority to approve any expenditure and influencing of expenditure must not be exercised where there is a conflict of interest.
 - In such cases the employee must declare a conflict of interest and take no part in the relevant procurement.
 - In such cases authorisation must be referred to the Chief Executive.
 - If the Chief Executive declares a conflict of interest, authorisation must be referred to either the Chair of The Promise Scotland Board or the Chair of the Finance Sub-Committee of The Promise Scotland Board.
- Matters reserved for the Chief Executive.
 - Approval of expenditure where the Head of Team has a conflict of interest, subject to the limits set out below
 - Waiving of competitive tendering under the circumstances set out below

Procurement Process

- The procurement process is subject to The Promise Scotland's system of internal control and is designed to be effective and efficient.
- The procurement process is divided into levels outlined below with the amounts referring to the total contract value including non-recoverable VAT. Orders must not be sub-divided so as to circumvent the control limit.
 - **Spend up to £5,000 not exceeding budget**
For spend up to £5,000, not exceeding budget, for any one order or supply, the Head of Team may instruct the purchase to proceed using a supplier that is known to The Promise Scotland or the least cost supplier via the internet.
 - **Spend up to £10,000 not exceeding budget**
For spend up to £10,000, not exceeding budget, for any one order or supply, the Finance & Central Services Manager may instruct the purchase to proceed using a supplier that is known to The Promise Scotland or the least cost supplier via the internet.
 - **Procurement contracts between £10,001 and £20,000 not exceeding budget**
For spend between £10,001 and £20,000, not exceeding budget, three

quotes must be obtained. The Head of Team shall authorise procurement. If the least cost quote is not chosen, the decision must be referred for approval by the Chief Executive. The Promise Scotland must seek best value, taking into account quality as well as cost.

- **Procurement contracts between £20,001 and £50,000 not exceeding budget**

For contracts between £20,001 and £50,000, not exceeding budget, a competitive tendering process must be carried out. The contract must be approved by both the Chief Executive and the Chair.

- **Procurement contracts over £50,000 not exceeding budget**

For contracts over £50,000 and not exceeding budget, a competitive tendering process must be carried out. The contract must be approved by The Promise Scotland Board.

- Exceptions to quotations and competitive tendering in the following circumstances are allowed only when accompanied by a comprehensive business case and with subsequent written authorisation by the Chief Executive. All exceptions will be reported on a quarterly basis to the Finance Sub-Committee and The Promise Scotland Board.
 - Where there is a continuation/extension of a project where a change of supplier would not be beneficial.
 - Extreme urgency, where time does not permit the obtaining of competitive quotes.
 - Where there is a person or supplier who has such specialist skills, expertise and knowledge that it would not be beneficial to pursue quotations or competitive tendering.

Fraud

- The Promise Scotland is committed to maintaining high ethical standards and integrity in the conduct of its activities. All staff and people acting on The Promise Scotland's behalf are responsible for conducting activities professionally, with honesty, integrity and maintaining The Promise Scotland's reputation.
- Fraud encompasses deliberate misstatements, falsifying records, making or accepting improper payments or not acting in the best interests of The Promise Scotland for the purpose of personal gain. This also encompasses bribery and corruption.
- The Promise Scotland maintains systems of internal control to prevent procurement fraud.
- Smaller contracts are selected on the basis of three quotes. Larger contracts are subject to competitive tendering. For details please refer to the procurement process section of this policy.

Payment Process

- Supplier invoices are routed to the Finance inbox, (administered by the Senior Finance & HR Officer), passed for authorisation by a member of SLT, Lead or Finance & Services Manager via ApprovalMax, and then marked as approved on the Xero accountancy software automatically. The two exceptions to this are payments which have been set-up against contract as monthly or quarterly. These payments can be approved by the Senior Finance & HR Officer without going through the ApprovalMax software. All contracts are signed-off by a member of SLT therefore the regular payments are approved at that stage. The other exception is direct debit payments for on-going contracts. These are automatically debited from the bank account and the Senior Finance & HR Officer holds reconciles these as they debit – any changes to amounts must be raised with the Finance & Central Services Manager for discussion and approval.
- Any invoice above £20,000 requires approval by the Chief Executive on ApprovalMax. In absence of Chief Executive, invoice must be approved by two members of SLT.
- Payments to suppliers once authorised are processed onto the Bank of Scotland online banking system by the Senior Finance & Admin Officer. These are then approved by the Finance & Central Services Manager. Payment is only made once the payment is verified by 2 authorised The Promise Scotland Officials.

Reimbursement of expenses

- The Promise Scotland staff expenses are paid directly into employee bank accounts on completion and approval of their expenses form on the BreatheHR platform. See [Travel, Subsistence and Expenses Policy- December 2023.docx](#) The on-line banking payment process is as above.

Oversight Board Members/Board of Directors financial reimbursement procedure

- Oversight Board members are entitled to claim £225 per day for up to twelve days a year as fees for their time spent on The Oversight Board. If additional work is required of Board members, the scope of work and additional fees must be discussed and agreed in advance with the Head of Governance & Operations. Completed fee claim forms are sent to the Executive Assistant and Governance Co-ordinator who forwards these on to finance@thepromise.scot. These are approved by Head of Governance & Operations. The on-line banking payment process is as above.
- Oversight Board members can claim back reasonable expenses incurred while carrying out their duties. Expense claim forms as above should be used for claiming expenses and all expenses must be in line with the [Travel, Subsistence and Expenses Policy- December 2023.docx](#). Expense claim forms should be sent

to the Executive Assistant and Governance Coordinator who will forward these to the finance@thepromise.scot email box. These are approved by the Head of Operations & Governance with the payment process as described above.

Who we bank with – Bank of Scotland

The Promise Scotland bank with the Bank of Scotland. There are four account signatories:

Title	Level of Access
Chief Executive	Full User *
Head of Operations & Governance	Delegate User
Finance & Central Services Manager	Delegate User
Senior Finance & HR Officer	Delegate User

*Full User has additional authority to e.g. add or delete signatories and close the account

The Senior Finance & HR Officer has a debit card which is used for on-line purchases and daily office expenses. All payments to supplier should preferably be made by invoice. In the event this is not possible and card payment is required the staff member should seek approval for the purchase from line management, forward this to finance@thepromise.scot along with the link for the item or service to be purchased. The Senior HR & Finance Officer will make this purchase on behalf of the staff member using the debit card and will forward on confirmation of the booking.

Financial Processing system and accounting year

The Promise Scotland utilises the Xero account package to record its financial transactions.

The accounting year of the Promise Scotland runs from April 1st to 31st March.

Accounting Policies

Fixed assets

Tangible fixed assets costing more than £1,000 and laptops are capitalised at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Leasehold Land & Buildings:	Over life of the lease
Furniture and office equipment:	7 years Straight-line
Computer equipment:	Over 5 years

Payroll

The Promise Scotland payroll is processed by SCVO. The Senior Finance & HR Officer liaises with them regarding any changes. Line managers are responsible for sending any changes relating to payroll for their staff to the Senior Finance & HR Officer at the beginning of each month.

Pensions

The Promise Scotland's contractual pension scheme is administered by Aviva. Employer contribution is 13% and minimum employee contributions are 5.5%. The pension scheme operates on a salary sacrifice basis where the employer's national insurance contributions are fully reinvested. The Senior Finance and HR Officer uploads the pension report to the Aviva website monthly and the contributions are taken by direct debit monthly.

HMRC

SCVO submit the necessary documentation to HMRC on a monthly basis. The payment is paid to HMRC on a monthly basis by direct debit based on the submission made by SCVO.

Insurance

The Promise Scotland's business insurance is with Gateway Insurance.

Employers' Liability Insurance cover is no less than £5m.

Professional Indemnity Insurance is up to £1m.

Public & Products Liability Insurance is no more than £5m.

Auditors

Thomson Cooper are the appointed auditors and are responsible for conducting the annual audit at the end of each financial year. This usually takes place in the month of June initially with fieldwork.

- The Finance & Central Services Manager will produce draft financial statements by the end of April each year. These will be provided to the SLT before being submitted to the auditors. Once the draft financial statements have been audited, they will go for approval to the Finance Sub-Committee and the Board. Once approved they will be submitted to Companies House and Scottish Government. Any recommendations made by the auditors will be assessed by the Finance Sub-Committee who will agree necessary actions and amendments to procedures.
- The Chief Executive will review the draft annual accounts and audit and recommend approval to The Promise Scotland Board.
- The Chair of The Promise Scotland Board will sign the approved annual accounts for submission by The Chief Executive to Companies House and to the Scottish Government.

- The Chief Executive will report any recommendations made by the auditors to the Finance Sub-Committee and agree necessary actions and amendments to procedures.

Solicitors

The Promise Scotland solicitors are Brodies LLP.

Review

This policy will be reviewed in response annually at least and in line with any legislative changes by the Finance & Central Services Manager.

Reviewed in: Aug 24

Next review: Aug 25